

SWORN STATEMENT

in support of a Notice Beginning Business Rescue Proceedings
in respect of **AFARAK MOGALE PROPRIETARY LIMITED**
(Registration Number 2002/015297/07)

I, the undersigned,

SASA BOGICEVIC

do hereby make oath and say:

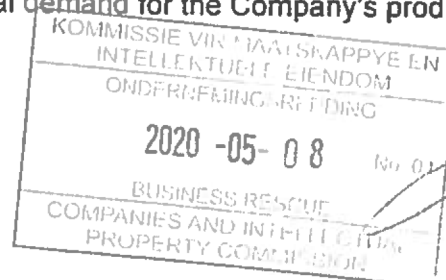
1. I am a Manager of Afarak Mogale Proprietary Limited ("the Company") with registration number 2002/015297/07, and registered address at Deep Shaft Road, West Consolidate Mines, Krugersdorp, Gauteng.
2. The contents of this sworn statement are true and correct and, unless stated otherwise, the facts contained herein fall within my own personal knowledge and belief.
3. I make this sworn statement in support of the Company's notice to commence business rescue proceedings as contemplated in terms of section 129 of the Companies Act, 71 of 2008 ("the Act").
4. The board of directors of the Company resolved on 3 May 2020 that the Company voluntarily commence business rescue proceedings as envisaged in terms of the Act. The resolution will be filed together with this sworn statement.
5. The relevant facts upon which the resolution is founded include:
 - 5.1. The Company is "financially distressed" as envisaged in terms of section 128(f) of the Act due to a number of factors. The factors that have contributed to this include *inter alia* the following:
 - 5.1.1. the market price for the products produced by the Company, being ferrochrome, ~~silico-manganese~~ and stainless steel alloy,



has declined over the past year and as a result the Company's profitability has also declined as well as the Company's cash flow;

- 5.1.2. the Company's cash flow shortfall has to date been funded mainly by Afarak Trading Limited ("ATL") and other companies within the Afarak Limited Group; and
 - 5.1.3. the Company has also rationalised its operations and is currently operating only one of its four furnaces to produce products and has retrenched 130 employees and is in process of retrenching further employees.
- 5.2. As a result of all the aforesaid factors, the Company's projected cash flow has been negatively affected with the result that the Company is unlikely to be able to meet its current liabilities as and when they fall due in the next few months. ATL has also given the Company notice that it is not prepared to provide further finance to the Company unless the Company restructures and re-organises its financial affairs and negotiates such restructuring with its creditors. This process will be best achieved, and will stand the best prospect of success, under the umbrella of business rescue proceedings as envisaged in terms of the Act.
- 5.3. The Company's aggregate exposure to its creditors amounts to R154 556 772.00.

6. There appears in the opinion of the board of directors to be a reasonable prospect of rescuing the Company via business rescue proceedings. Business rescue will allow the Company to re-organise its affairs in order that the Company will be able to trade out of its current situation or achieve a compromise or come to an arrangement with its creditors and other stakeholders.
7. There are definite prospects of rescuing the Company, more particularly in that:
- 7.1. it is envisaged that the price of chrome and thus of Company's products will increase in the short term, such that the Company can trade profitably again; and
 - 7.2. there is still substantial demand for the Company's products.



8. The proposed business rescue process will allow for:
- 8.1. the temporary supervision of the Company, and for the management of its affairs, business and property;
 - 8.2. the temporary moratorium on the rights of claimants and legal proceedings against the Company or in respect of property in its possession; and
 - 8.3. the development and implementation, if approved, of a plan to rescue the Company by restructuring its affairs, business, property, debt, securities and other liabilities and equity in a manner that maximises the likelihood of the Company continuing in existence, should result in a better return for the Company's creditors or stakeholders than would result from the immediate liquidation of the Company.



SASA BOGICEVIC

I certify that:

- I. the deponent acknowledged to me that:
 - (a) he knows and understands the contents of this declaration;
 - (b) he has no objection to taking the prescribed oath;
 - (c) he considers the prescribed oath to be binding on his conscience;
- II. the deponent thereafter uttered the words "I swear that the contents of this declaration are true, so help me God";
- III. the deponent signed this declaration in my presence at the address set out hereunder on this the 04 day of May 2020.

